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TRANSFORMATIONAL LEADERSHIP IN THE EFFORTS OF INCREASING MOTIVATION, PERFORMANCE, AND JOB SATISFACTIONS AT PT BANK MANDIRI TBK

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ABSTRACT

Transformational leadership is assumed to be influential in any company. It has some vital role in increasing motivation, performance, and job satisfaction. This study attempts to find out all the influences of transformational leadership in the company. The respondents are employees of PT. Bank Mandiri Tbk at Pekanbaru, spreading to into eleven regional/branch offices, with 102 middle managers. Interview and questioner were used with the measurement scale of 1-5. The study uses Structural Equation Model (SEM) and AMOS 17.0. It shows that: (1) Transformational leadership can provide significant influence and positive through employee's motivation. (2) While transformational leadership influences insignificantly the employee's performance. (3) Employee's motivation can provide and positive significant on employee's performance. (4) Employee's performance has relationship with job satisfaction and has significant and positive influence.

Key words: *Transformational leadership, Employee's motivation, Employee's performance and Job satisfaction.*

KEPEMIMPINAN TRANSFORMASIONAL DALAM UPAYA PENINGKATAN MOTIVASI, KINERJA, DAN KEPUASAN KERJA DI PT BANK MANDIRI TBK

ABSTRAK

Kepemimpinan transformasional diasumsikan berpengaruh dalam setiap perusahaan. Faktor ini memiliki beberapa peran penting dalam meningkatkan motivasi, kinerja, dan kepuasan kerja. Studi ini mencoba mengetahui semua pengaruh kepemimpinan transformasional di perusahaan. Responden yang dipilih adalah karyawan PT. Bank Mandiri Tbk di Pekanbaru, yang tersebar di sebelas daerah/kantor cabang, dengan 102 manajer menengah. Teknik wawancara dan kuesioner digunakan dengan skala pengukuran 1-5. Penelitian ini menggunakan model persamaan struktural (SEM) dan AMOS 17.0. Hasil penelitian menunjukkan bahwa: (1) Kepemimpinan Transformasional dapat memberikan pengaruh signifikan dan positif melalui motivasi karyawan. (2) Sedangkan kepemimpinan transformasional berpengaruh tidak signifikan pada kinerja karyawan. (3) motivasi karyawan dapat memberikan pengaruh positif dan signifikan terhadap kinerja karyawan. (4) Kinerja karyawan memiliki hubungan dengan kepuasan kerja dan memiliki pengaruh signifikan dan positif.

Kata Kunci: *Kepemimpinan transformasional, motivasi karyawan, kinerja karyawan dan kepuasan kerja.*

INTRODUCTION

When considering the current economic condition in Indonesia, it can be considered to have a considerable impact on the business climate. It can be good for business both domestically and internationally. In relation to such a condition, it has been suspected that there are two factors having an important role such as internal factors and external factors of the company. The internal factors are likely controlled by the company, whereas external factors tend to be more difficult to control due to external factors. This is because the external factors cannot be forecasted easily.

In such a condition above, all businesses should struggle to have effort to always survive in organizing systematically the condition of the company. In addition, the competition in the Indonesian banking industries over the last decade has been really so high and tight. It can be indicated from the data from Bank Indonesia that show, until the end of 2010, that the banks are actively operating in Indonesia totally 122 banks. This number of operating banks can be the signals of high competition among the actors of these banking businesses.

For example, PT Bank Mandiri Tbk. is one of the companies included into the government-owned national banks. This bank has become the market leader in the category of commercial banks during the year 2010. It can be seen from the growing amount of assets and banks outperforming its market share which is similar as presented in Table 1.

PT Bank Mandiri Tbk with its position as market leader in the banking industry in Indonesia should always maintain its position at the level of the tight competition at this time. As such, the role of leadership is necessary in this competition, in which, this situation is full of uncertainty (Nugroho, 2005). In addition, the increase of its customers currently is considered the largest among other banks. For example, each month, this bank get additional number of customers approximately 27 thousand of

new customers. The number of premium customers also grew significantly to more than 50,000 customers in 2010 compared to 44 000 customers in June 2009.

In 2014, PT Bank Mandiri Tbk tries to achieve its customer numbers by 20 million customers. That number can be doubled from the end of 2009 of 10.6 million customers. For Riau area, known to PT Bank Mandiri Tbk customer numbers in 2011 has reached more than 400 thousand customers. On the other hand, in 2010, the unknown number of PT Bank Mandiri Tbk customers to Pekanbaru area totaled 167 924 customers. Details of the number of customers for the Pekanbaru area can be seen in Table 2.

It needs to be noticed that the leadership models implemented so far has referred to the transactional leadership style, which led initiative to offer some forms of recompense or reward to satisfy the customers' needs instead of other value to the employees, such as salary, promotion, improved job satisfaction or recognition. Leaders set goals clearly, understand the need for skilled employees with appropriate, to reward and motivate employees to achieve corporate objectives.

By changing the business climate, especially in the banking world, the PT Bank Mandiri Tbk can maintain to be a marker leader, its management changes, especially in terms of leadership models. In business situations, especially in the banking world that often change and unpredictability, transformational leadership is a leadership model that best suits the condition. Charismatic, transformational, and inspirational leadership with a vision, a strong capital base make it continually improve the efficiency, productivity and business innovation, to enhance the competitiveness of enterprises.

Transformational leadership articulates the organization's future vision of being realistic, intellectually to stimulate their subordinates in a way, and pay attention to differences that are owned by each employee. Transformational leadership helps establish working groups and integrate the goals of individuals and groups. Judge (2003) states

Table 1
Bank Ranking in Indonesia Based on Total Assets and Market Share
for The Category of Commercial Banks in 2010

No.	Name of Bank	Total Asset (Rp Trillion)	Market Share (%)
1	Bank Mandiri	371.67	13.76
2	Bank Rakyat Indonesia	306.76	11.36
3	Bank Central Asia	305.15	11.30
4	Bank Negara Indonesia	217.07	8.04
5	Bank CIMB Niaga	126.96	4.70
6	Bank Danamon	101.78	3.77
7	Bank Panin	91.49	3.39
8	Bank International Indonesia	66.86	2.48
9	Bank Permata	65.31	2.42
10	Bank Tabungan Negara	61.66	2.28

Source: Bank Indonesia, 2011.

Table 2
Number of Customer Bank Mandiri Pekanbaru Area (2010)

No.	Name of Bank Mandiri Offices	Total
1	Sudirman Bawah	30.232
2	Sudirman Atas	33.485
3	Ahmad Yani	64.885
4	Nangka	15.230
5	Jln. Riau	9.024
6	Kas Rumbai	5.760
7	Kas Tambusai	5.144
8	Kas Panam	4.204
Total		167.964

Source: PT Bank Mandiri Tbk. Pekanbaru area.

that transformational leadership; motivation, performance, and job satisfaction of employees can enhance the company's competitiveness. .

Transformational leadership, a change-oriented leadership, and the vision of the organization are not only formulated but also applied in reality. Given that the essence of leadership is to influence the motivation is, it also to influence its a process of how to influence. (Rival, 2004). It's important to understand clearly the factors that affect employee motivation before designing things that are meant to influence the motivation (Robbins, 2006). If the management company understands the factors that influence employee motivation and strive to fulfill the employee, they will try to produce better

performance because they feel satisfactory with their jobs, and eventually will reach the level of satisfaction of employees to perform work within the organization.

Rapph and Cooke (2000) found that transformational leadership has positive and significant impact on employee motivation. This is also supported by Zhu and Avolio (2004) that transformational leadership has also positive and significant impact on employee motivation. Armstrong and Baron (2005), also believes that performance is not just about what one achieves, but also how to achieve it are concerned. Avolio and Yair study results. (2003), stated that there were significant effects of transformational leadership with employee performance.

In addition to the factors of transforma-

tional leadership, motivation factors also affect the performance of employees. For example, Robbins (2006) argues that motivation is the willingness to carry out efforts to achieve a goal that is conditioned by the ability of an effort to meet the needs of a particular individual. It also has positive and significant impact on employee performance Conger (2000) and Lussier and Achua (2001). Charbonneau et al (2001), suggested that the motivation has positive and significant impact on employee performance.

Furthermore, leadership and motivational factors are found to have influence toward the performance. As stated by Luthans (2005) that these two factors affect the employee satisfaction and performance. Satisfaction theory implicitly assumes that satisfaction increases performance, but reducing the performance of dissatisfaction.

Based on the above descriptions, the researchers believe that the factors of leadership, employee motivation, employee performance and job satisfaction of employees are important. This argument triggers the researcher to argue as the following.

First, the variables of transformational leadership, employee motivation, employee performance, and job satisfaction are essential elements for the success of the organization and employees. Therefore, it is important for the researcher to investigate. Second, the inconsistent results of previous studies on such factors also make the researcher attempt to do other research as well. Third, the transformational approach to leadership models and theories according to some research studies are highly relevant to the model of corporate organization that has an increasingly globalized competition, full of uncertainty and filled with challenges.

This study aims to, firstly describe and analyze the influence of transformational leadership on employee motivation; Secondly, to describe and analyze the influence of transformational leadership on employee performance; Third, to describe and analyze the influence of employee motivation on employee performance; Fourth, to describe

and analyze the effect of employee performance on job satisfaction of employees.

THEORETICAL FRAMEWORK AND HYPOTHESIS

It is important to have effort for achieving the vision and carry out the mission effectively. This is urgent for especially in the banking firm, has a level of competition is more intense, full of uncertainty, need leaders who are able to integrate the capabilities that have a leader, with the application of leadership style or approach that is relevant to the organization's internal condition. If the situational leadership model is focused more on leadership style which is appropriate for the conditions for stability, then the model is an agent of change (change models Agency) that is the organization as a model of transformational leadership (Stone et al, 2004). For example, Bass and Avolio (2003) argue that transformational leadership is change-oriented leadership, where the vision of the organization not only formulated but also implied in some indications.

First, the influence of idealism (idealized influence), is a leader through personal power, and has extraordinary influence on the employee. Second, motivation is inspired (inspirational motivation), that is the ability of leaders to inspire emotional, move, and inspire the subordinates. Third, taking account into individual (individualized consideration) is the ability and responsibility of leadership in providing customer satisfaction and boosting productivity of subordinates, be friendly, informal, close and to treat subordinates with the leadership of and give advice, help and support for self-development of subordinates. Fourth, intellectual stimulation (intellectual stimulation), is the ability to use intellectual stimulation to evoke the spirit of subordinate employees.

In connection with transformational leadership, Stone et al (2004) says that a transformational leader should transform the personal values of followers to support the vision and goal of the organization by fostering an environment where relationships can

be formed and by creating a climate of trust so that the vision can be shared. Also, Gill et al (2010) asserted that transformational leadership as a process of influencing The major changes in the attitudes and assumptions of organization members and building commitment for the organization's mission or objectives.

More specifically Bass and Avolio (2003) state that transformational leadership is the application of vision, followed by the importance of the implementation of leadership that is able to make changes in all aspects, transformational leadership to articulate a vision for the future a realistic organization, stimulates subordinates intellectually, and pay attention to the differences that are owned by their subordinates. Again, Andrew (2001) confirmed that some changes are expected from the influence of transformational leadership role among others to increase the motivation of subordinates, helping subordinates to look beyond their own organizational interests. Opinion is supported by (Robbins, 2006) states that, one of the agents of change (Neocharismatic Theory) is a comprehensive and relevant to current business conditions is the theory of transformational leadership.

Other proponents such as Lussier and Achua (2001) also asserted that motivation is a key factor in the influence of a leader to his followers, this opinion is consistent with the findings of Mesi and Robert (2000), Zhu and Avolio (2004), Griffith (2004), Leblanc (2009).

The influence of transformational leadership on motivation, providing the fact that leadership is a key factor in influencing the process of a leader to his followers. In affect, the leader should encourage the process of motivation to his followers in order to achieve corporate objectives. Given the vital role of leadership's influence, it is also important to consider motivation.

In another case, Bass and Avolio (2003), Conger (2000), Taly Dvir (2002), Dionne et al (2004), argued that transformational leadership can improve employee performance,

because the leaders who really want to make a change from low performance to an acceptable performance or of acceptable performance to optimal performance. Again, Jung and Avolio (2000) found that transformational leadership model is able to provide solutions in the understanding of what makes a leader has a great influence, to his followers and create improved performance on an ongoing basis. Employee performance, the results obtained from the job functions or activities carried out are indicated in the form of behaviors and outcomes (Armstrong and Baron, 2005). Thus, the two hypotheses can be expressed as the following.

H1: There is a significant and positive influence of transformational leadership on employee motivation.

H2: There is a significant and positive influence of transformational leadership on employee performance.

Now, it deals with motivation which refers to a concept that begins with the efficiency of physiological or psychological processes. This, in turn, drives the behavior or impulse that aims to achieve organizational objectives (Luthans, 2005). Motivation is the psychological process of asking directly and establishes voluntary actions that lead to the goal, which consists of an indicator of motivation; expectancy (effort-performance), instrumentally (Performance-outcome) and Valance (dignity).

Siagian (2004) defines motivation is the driving force that resulted in one member of the organization want and are willing to provide capability in the form of expertise or skill, effort, and time to conduct various activities related to its responsibilities, in order to achieve organizational goals and objectives that have been determined previously. This is confirmed by Hasibuan (2006). When employees have high motivation to accomplish a task or a responsibility, the employees will produce a good performance. As such, the value added to the employee will be more complex.

Lussier and Achua (2001) argue that motivation can predict job effort, satisfac-

tion, and performance of an employee. While Robbins (2006) also argues that of the various variables that affect the performance of the employee, then the variable motivation is the most dominant variables affecting the performance of employees. Research conducted by Charbonneau et al (2001), Dionne et al (2004), found that there is a positive and significant influence on the performance of employee motivation.

From the arguments by the experts and the results of previous studies, it can be generalized that motivation is the conditions that encourage or mobilize employees, in order to achieve the goals set by the company. The Company expects employees not only to be capable, competent and skilled, but also to be willing to work hard and desire to achieve maximum employment. Thus, the hypothesis is proposed as the following.

H3: There is a significant and positive influence on the performance of employee motivation.

The concept of performance is referred to the achievement of the results obtained from the job functions or activities carried out by individuals (Armstrong and Baron, 2005). An assessment of the performance of employees can be done by various stakeholders, and to make good judgment should be established to represent the assessor. Furthermore, Armstrong and Baron stated that the performance is not just about what one achieves, but also how to achieve it are concerned. Meanwhile Mangkunegara (2009) defines the performance is what can be done by a person in accordance with the duties and functions.

Furthermore, Robbins (2006) confirm that the performance is the result or the person's overall success rate for a certain period in the job, compared with a range of possibilities, such as work standards, targets / objectives or criteria. According to Hasibuan (2006) performance can be achieved in one's work when carrying out the tasks assigned to him based on skills, experience and sincerity as well as time, then the achievement of optimal performance in carrying out the work

the employee will be satisfied.

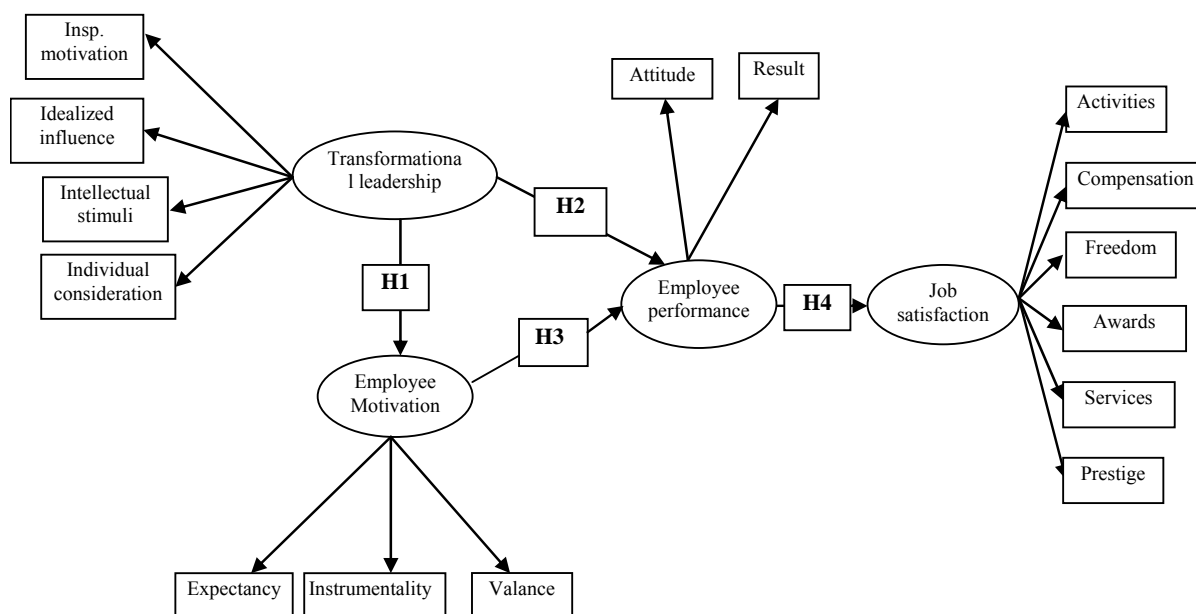
The employees' satisfaction is evidenced by a high sense of responsibility for a given task. In addition, the relationship of performance and job satisfaction of employees should be guided through determining what is desired reward employees, the performance of the chill, making the desired performance is reached, connecting the award with the performance achieved (Rival, 2004). Carmeli and Freund (2004), Griffith (2004), and Luthan (2005) assert the performance of a significant can affect the employee satisfaction. As referred to the above arguments, the hypothesis is proposed as the following.

H4: There is a significant and positive influence on job satisfaction employee performance.

In organizations, both profit-oriented and non-profit ones should pay attention to and responsibility for their employee job satisfaction because this factor has an impact on performance improvement and employee productivity (Rival, 2004). An individual works with passion if he is satisfied with his job. Hasibuan (2006) agrees that satisfaction is a key driver of employee morale, discipline, and work performance of employees in achieving company goals. Job satisfaction is important for all employees in the work. In addition, job satisfaction also has a considerable influence on the productivity of an organization, either directly or indirectly.

Furthermore Robbins (2006) argues that job satisfaction of employees, an emotional state of joy or positive emotions to the assessment of the employee's job and the results of one's perception of how well the job is done to give something that is considered very important, in which employee satisfaction factors include; activities, compensation, freedom, respect, social status, and social services. Job satisfaction is individual, because each individual has a level of satisfaction varies. Therefore, Rival (2004) strongly confirms that an evaluation on the work satisfaction is indicated in a person's feeling of being happy or the other way

Figure 1
Research Framework



around. It can be concluded that employee satisfaction is an indicator and a reflection of the feeling of an employee to work. This means that employee satisfaction will come from the attitude that comes from inside of employees towards work and everything encountered in the environment works.

Based on the theoretical framework and hypotheses, this study uses the approach (model) research framework as shown in Figure 1.

As presented in Figure 1, the positive influence of a variable to another variable is preceded by a variable of transformational leadership which has a positive effect on motivation of employees. In addition, transformational leadership has a positive effect on the performance of the employee. This is related to other variables that positively influence the employee performance and that are also employee motivation variables. Finally, it shows a positive influence on employee performance on job satisfaction of employees.

RESEARCH METHOD

This study was conducted at PT. Bank Mandiri Tbk. Pekanbaru area, consisting of

eight areas, namely, Sudirman Bawah, Sudirman Atas, Spoke Nangka, Spoke Riau, Rumbai, Ahmad Yani, Kas Tambusai, Kas Panam. The population covers the entire leadership of PT Bank Mandiri Tbk of mid-level leadership level (middle managers) throughout the operational area of Pekanbaru. Based on the data obtained, it is known that mid-level leaders, PT Bank Mandiri Tbk Pekanbaru in all areas of operations as a whole consists of 102 people in details as shown in Table 3.

The sample consists of the employees whose position as a middle manager (middle manager) totaled to 102 people. According to Ferdinand (2006), the sample is a subset of the population, consisting of several members of the population. It is important in the estimation and interpretation of the results of structural equation modeling (SEM), an appropriate sample size for SEM analysis was 100-200. This means that the number of 102 samples of respondents in this study is qualified for data analysis using structural equation modeling (SEM). The sampling technique used in this study is the census method, namely the selection of sampling techniques in which the entire population

Table 3
Number of Middle Managers at PT. Bank Mandiri Tbk. Area Pekanbaru (2011)

Name of Offices	Positions	Number of offices	Number of respondents	Total Respondents
Head Office	<i>Marketing Manager</i>	1	1	12
	<i>Marketing Officer</i>		5	
	<i>Operational Manager</i>		1	
	<i>Officer</i>		5	
Branch Hub	<i>Hub Manager</i>	3	1	54
	<i>Hub Outlet Manager</i>		2	
	<i>Commercial Manager</i>		2	
	<i>Relationship Manager</i>		3	
	<i>Retail Officer</i>		5	
	<i>Customer Service Officer</i>		4	
	<i>Head Teller</i>		1	
Spoke Branch	<i>Spoke Manager</i>	4	1	28
	<i>Customer Service Officer</i>		2	
	<i>CS Representative</i>		2	
	<i>Retail Office</i>		1	
	<i>Head Teller</i>		1	
Mandiri Prioritas	<i>Commercial Manager</i>	1	1	6
	<i>CS Officer</i>		2	
	<i>CS Representative</i>		2	
	<i>Head Teller</i>		1	
Cash Office	<i>Cash Outlet Manager</i>	3	1	9
	<i>CS Officer</i>		1	
	<i>CS Representative</i>		1	
Total		12		102

Source: PT Bank Mandiri Tbk. Area Pekanbaru.

sampled (Umar, 2003).

A questionnaire was employed corresponding to the variables of research on transformational leadership, employee motivation, employee performance and job satisfaction of employees. It embodied 15 indicators adopted from Bass and Avolio (2003), Armstrong and Baron (2005), Robbins (2006) and Luthans (2005). Questions were measured by Likert scale, the scale used to measure attitudes, opinions and perceptions of a person or group of persons on social phenomena (Sugiyono, 2006). Thus, the response categories are determined based on a scale of 5 segments ranging from strongly disagree category (score 1) to strongly agree category (score 5).

This study uses two types of data: (1) the primary data, i.e. data obtained from filling out the questionnaire by mid-level man-

agement of PT. Bank Mandiri Tbk. Pekanbaru area. (2) Secondary data, i.e. data obtained from other sources that support the research that is in the form of financial statements, annual reports, the data collection techniques done in two ways, namely a questionnaire, conducted by distributing questionnaires to the respondents to answer and give the perception respondents on questions relating to the variables of this study.

An interview was also conducted on the leaders of PT Bank Mandiri Tbk for the intermediate level. For the Pekanbaru area, it is to obtain information to get wider object of study, identify problems, and confirm the results of the analysis and discussion.

Next was that the Data analysis, which was performed first, with validity and reliability. Furthermore, the instrument validity and reliability test was performed by means

Table 4
Results of Validity and Reliability for Instrument Testing

Variables	GFI		Construct Reliability	
Transformational leadership (X_1)	0.983	Valid Unidimensional	0.903	Reliable
Working motivation (Y_1)	1.000	Valid Unidimensional	0.813	Reliable
Employee performance (Y_2)	1.000	Valid Unidimensional	0.777	Reliable
Job satisfaction (Y_3)	0.968	Valid Unidimensional	0.909	Reliable

Source: Processed data (2011).

of confirmatory factor analysis (CFA). The results were valid for a research instrument that is called uni-dimensional if the value of GFI is > 0.90 and reliable if the Construct reliability is > 0.70 (Ferdinand, 2006).

The next one is a descriptive analysis for determining the characteristics of variables measured from a number of indicators. This analysis technique used is for descriptive statistics to generate a frequency value, the average (mean), median (mean). Also it is for getting the maximum value and minimum value of each indicator. After all, it was third research hypothesis testing with structural equation model (SEM), using a data processing program AMOS version 17.0.

DATA ANALYSIS AND DISCUSSION

Testing the validity and reliability of results

The results of testing the validity and reliability of the instrument for each variable can be presented in Table 4.

As in Table 4, it indicates that all the variables above are valid, because GFI is above 0.9, and therefore it is reliable, because the construct reliability is above 0.7.

Research results of descriptive variables

This study was done using 4 variables and 15 indicators in the descriptive analysis for the responses by 102 respondents. Respondents' perceptions of transformational leadership were shown in the response to the indicators of idealized effect of (4.39), inspired motivation (4.37), intellectual stimulation (4.35) and individualized consideration (4.33).

Such above evidence suggests that transformational leadership variables influenced the respondent's answer to every dimension of transformational leadership which is relatively uniform, marked by a standard deviation below 1. This means that the transformational leadership model implemented by the leaders in view of the respondents is in fact a more appropriate which is due to the idealized influence with an average score of 4.39 transformational leadership variables. So in the view of respondents, the respondents are influenced by leadership variables. Respondents' perceptions of the motivation of employees are in response to the influence of expectancy indicator (4.33), instrumentality (4.45) and valency (4.41).

The respondents' answers to each of the dimensions of work motivation are relatively uniform, marked by a standard deviation below 1. Instrumentality with an average score of 4.45 is higher than the average expectancy and valence. So, this means that the variable of perceived motivation in view of the fact that better fit the instrumentality. Next, the perceptions of respondents on the performance of employees responded to the effects of behavioral indicators of work (4.45), work (4.23). The respondents answer to each employee's performance is relatively uniform dimensions, characterized by the standard deviation below 1.

In other word, performance behavior has an average score of 4.45 which is higher than the average value of the work. Thus, it means that the employee's performance is conducted in view of the respondents as appropriate behavior that is working performance, with an average score of the variable

performance of the respondent's answer that is 4.45. So, it is clear that the respondent's view, the performance variables are influential factors. Subsequent perceptions of job satisfaction of respondents responded to the influence of the activity indicator (4.24), compensation (4.25), freedom (4.17), reward (4.23), services (4.27), and prestige (4.43). answers of respondents to each dimension of job satisfaction is relatively uniform, marked with a standard deviation below 1.

The above evidence provides clarification that the variables of job satisfaction are carried out according to the views of respondents in fact a more appropriate that is the prestige and the average score of job satisfaction variable of 4.43. So, in the view of respondents, the most influential variable is job satisfaction.

The Results of SEM Analysis and Hypothesis Testing

The overall goodness of fit test results was used to determine whether the hypothetical models are supported by empirical data, such as those presented in Table 5.

As based on Table 5., it can be concluded that of the seven criteria, the bulk of the model shows good and close to good, mainly the views of CMIN/ DF and RMSEA, where the value of CMIN / DF is 1.237 that is lower than 2:00 in accordance to the required, and the RMSEA value of 0.040 is also lower than 0.08 suiting the required value. Thus, based on this evidence, they can be used.

Hypothesis Testing

The hypothesis testing was done by testing the hypothesis according to each of the direct influence of the partial path. The results can be shown in Table 6.

Thus, as seen in Table 6, it can be stated as the following. First, transformational leadership affect significantly and positively the employee motivation. Second, transformational leadership has no significant and positive impact on the employee performance. Third, employee motivation has a posi-

tive significant influence on the performance of employees. Fourth, employee performance has a significant and positive effect on employee satisfaction.

Discussion

First of all, the test results of the hypothesis regarding the influence among the variables were presented in Table 6. It shows for example that, from the results of path coefficient analysis of direct effects of transformational leadership variables on employee motivation, it is 0.984 path coefficient values obtained with the p – value which is <0.001. This proves that transformational leadership has a significant and positive effect on employee motivation.

The evidence indicate that the higher the transformational leadership quality in the mid-level leadership level, the higher the motivation of employees. Thus, there is enough empirical evidence to accept the hypothesis (H1). These are such as transformational leadership was significantly and positively to influence the employee motivation.

Secondly, it shows that, from the results of path coefficient analysis, the direct effects of transformational leadership variables on employee motivation is 0.984 path coefficient values obtained with the p - value which is <0.001. This proves that transformational leadership has a significant and positive effect on employee motivation. The finding indicates that the higher the transformational leadership quality in mid-level leadership level, the higher the motivation of employees. For that reason, there is enough empirical evidence to accept the hypothesis (H1). It is that the transformational leadership has significant and positive impact on employee motivation. It was also found the conformity with the opinion of Leblanc (2009) as well as research findings Zhu and Avolio (2004), Griffith (2004), which states that transformational leadership has positive and significant impact on work motivation.

Third, it is consistent with Achua Luisser (2001), that motivation is a key factor in the process of influencing a leader to his

Table 5
Goodness of Fit Test Results for Overall Model

Criteria	Cut-of value	Model Results	Description
Chi Square	Small	159.510	Model close to good
p-value	≥ 0.05	0.035	
CMIN/DF	≤ 2.00	1.237	Good Model
GFI	≥ 0.90	0.889	Close good model
AGFI	≥ 0.90	0.853	Poor model
TLI	≥ 0.95	0.961	Good Model
CFI	≥ 0.95	0.967	Good Model
RMSEA	≤ 0.08	0.040	Good Model

Source: processed data (2011)

Table 6
Results of Hypothesis Testing Results among Variables

No	Independent Variables	Dependent variables	Coefficient direction	p – value	Description
1	Transformational leadership (X ₁)	Employee motivation (Y ₁)	0.984	***	Significant
2	Transformational leadership (X ₁)	Employee performance (Y ₂)	0.130	0.067	Not significant
3	Employee motivation (Y ₁)	Employee performance (Y ₂)	0.742	***	Significant
4	Employee performance (Y ₂)	Job satisfaction (Y ₃)	1.127	***	Significant

Description: *** = $p < 0.001$

Sources: processed data (2011)

followers. It is stated that leaders must encourage the process of motivation. Through the motivation of a subordinate process, it will proceed from the need the reason (motive), from a motive to behavior (behavior), consequences of behavior (consequence), of the consequences to the satisfaction (satisfaction) or non-satisfaction (dissatisfaction). Thus it is clear that leadership, in general, has an influence on motivation. The study also found conformity with the opinion by Robbins (2006) who asserted that transformational leadership is an agent of change within the organization, especially in motivating employees to achieve the vision and mission.

It is obvious that transformational leadership can motivate the subordinates to change values and beliefs align them more together with the values and goals of the organization. One of the important factors a

leader needs is in motivating subordinates.

Transformational Leadership against Employee Performance

As presented in Table 6, the path coefficient analysis of direct effects of transformational leadership variables on the performance of employees is 0.130 path coefficient values obtained with the P – value which is > 0.067 and 0.001. Thus, it is higher than the value of α 0.05 proving that the leadership has no effect on the performance of employees. This evidence indicates that transformational leadership has no significant effect on employee performance. It also shows that there is enough empirical evidence to reject the hypothesis (H2).

The result above is in line with previous research such as by Kark and Shamir (2002), Donald (2003) that states that transformational leadership had no significant effect on

employee performance. Therefore, the empirical evidence of this study cannot support the conclusion Taly Dvir (2002), Bass and Avolio (2003), Dionne et al (2004), showing that transformational leadership or components - positively predict the performance of its components.

Transformational leadership is a leadership model that aims to encourage the extra effort to achieve the expected performance of the followers. It is able to solve the problem in understanding how the leaders have a major influence on his subordinates, and factors - factors that make the performance of a number of small and large organizations sustainable success. Transformational leadership is that leaders motivate subordinates to do something and achieve a certain performance in excess of what has been standardized by the company.

The influence of leadership on the performance of employees does not always show the same evidence. For example, the empirical findings show that transformational leadership had no significant effect. Yet, the relationship between the two variables is positive. This proves that employees will strive to provide all the capabilities in order to achieve optimal performance. In this study, it proves that that the higher the motivation of employees at PT. Bank Mandiri Tbk, the Pekanbaru area, the higher the employee's performance. Therefore, there is an empirical evidence to accept hypothesis 3 (H3).

The motivation induced in the employees significantly influences their performance. This is also line with research by Charbonneau et al (2001), Dionne et al (2004) that suggested that the motivation has positive and significant impact on employee performance. Again, this finding is in contrast with the findings by Leblanc (2009), advocating that the motivation of employees had no significant effect on employee performance.

Employee Performance and Employee Satisfaction

Again, as referred to the results in Table 6, it

shows that, the path coefficient analysis of the variables, directly the performance of the employee influences the satisfaction of employees. It is indicated by the path coefficient value of 1.127 with p – value which is <0.001. This also shows that the performance has a significant influence on employee satisfaction.

The findings of this study indicate that performance has a significant and positive impact on employee satisfaction. It can be restated that the higher performance of employees, the higher the job satisfaction of employees. Thus, there is empirical evidence to accept hypothesis 4 (H4), stating that employee performance has a positive impact on employee satisfaction

The above evidence is consistent with research conducted by the Christian and ZAFT (2001), Griffith (2004), arguing that the employee's performance has a significant and positive effect on job satisfaction. It also supports the opinion by Luthans (2005), that relationship satisfaction and performance.

CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATIONS

In general, the positive and significant influence of the transformational leadership as indicated in the findings is consistent with the theory, especially the study of transformational leadership, employee motivation theories and studies. It is the leaders of executing an intermediate level model of leadership that has been well-designed by the company. By the approach through transformational leadership, it can increase the achievement of established goals.

The evidence depicted in this study also indicates that the motivation of the employees of this company significantly and positively affect the employee performance. It is therefore necessary to improve performance measures in conformity with the factor. If the employee is less optimal capability, it requires training, and their motivation to be increased by guidance and togetherness. Therefore, the motivation of employees needs to get serious attention in order to

maintain or improve performance.

It was also found that transformational leadership has no significant effect on employee performance but it was proved a positive effect on employee performance. Transformational leadership is leadership that motivates employees to do something to achieve a certain performance. It is clear that to get the performance as expected, it first needs to provide motivation for employees. This study also shows the performance of employees has a significant and positive effect on employee satisfaction. As such, the implementation needs to be improved, as this will further improve employee performance and organizational performance company.

Again, the overall execution should be planned and strategies should also be set by the company in general has been reached except in relation to the performance of employees transformational leadership is directly related but not significantly. From the analysis and findings of research was done on producing some of the implications in the field of human resource management, especially those associated with transformational leadership, motivation, performance, and job satisfaction of employees. Of the relationship between variables indicate if the study confirms previous research work, but at the same time provides different results with the results of previous studies, particularly with regard to the influence of transformational leadership towards employee performance.

The limitations can be the use of SEM and relatively few respondents when compared to the possibility of many employees who engage in transformational leadership. Another limitation is the subject of this study involving only middle managers at the PT. Bank Mandiri Tbk. It is possibly to develop a study using bigger numbers, such as involving a variety of different subjects.

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